

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Legislative Policy: Redevelopment

**Policy
Number**

M-54

Page

1 of 3

Purpose

To establish the Board of Supervisors' legislative policy regarding redevelopment issues, and to provide guidance to the County's legislative representatives when advocating the County's interests to legislators, other elected officials, and policy makers.

Background

Redevelopment projects are financed by means of "tax increment financing." Virtually all growth in assessed value of properties within the boundary of a redevelopment project area is reserved for the redevelopment agency to pay off indebtedness related to the redevelopment project. This method of financing affects taxing agencies in the area that would ordinarily benefit from that growth. This is particularly the case for counties, whose regional service responsibilities often grow as redevelopment proceeds, while the revenue base is frozen. Cities, on the other hand, benefit dramatically from the capital improvements financed by tax increment financing as well as by the increase in sales tax revenues that often accompanies such improvements.

This policy attempts to balance the needs of the County, as it looks to this financing tool to help meet infrastructure needs in the unincorporated area, with the need to accommodate at an affordable level redevelopment projects in the cities of our County. This policy would generally seek to reduce the negative financial and operational impacts on affected agencies, while at the same time maintaining this financing tool for beneficial projects in the region, and to oppose legislation that would expand the application of tax increment financing without appropriate criteria to protect against abuse.

Policy

The legislative policy of the Board of Supervisors regarding redevelopment issues is to:

1. Support legislation that would recognize the ongoing responsibility of counties to provide an array of regional services by protecting the general purpose revenue base of counties from erosion through unnecessary or protracted use of tax increment financing.
2. Support legislation that would amend the existing division of property taxes between a redevelopment agency and affected taxing entities to guarantee that taxing entities would receive, as a part of base year tax revenues, the annual two percent tax increment attributable to inflationary increases under Proposition 13.
3. Support legislation that would permit an affected taxing agency to benefit from the normal growth in tax increment within a redevelopment area.

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Legislative Policy: Redevelopment

**Policy
Number**

M-54

Page

2 of 3

4. Support legislation that would accelerate retirement of debt by applying the sales tax growth within the redevelopment area which exceeds increases in the Consumer Price Index to redevelopment project costs.

5. Support legislation that would require school districts to pass the full share of tax increment to the redevelopment agency.

6. Support legislation that would exclude from allocation to a redevelopment agency any increases in valuation of state assessed property.

7. Support legislation that would give counties greater discretion to determine the share of tax increment to be allocated to a redevelopment agency.

8. Support legislation that would provide to counties incentives to contribute some share of property tax increment over the annual two percent increment attributable to inflation, i.e., a guaranteed pass-through of tax increment in later years and/or a share of sales tax generated within the redevelopment project area.

9. Support legislation that would more fairly balance the roles of counties and cities in the negotiation process, e.g., require redevelopment agencies to provide more detailed and specific documentation of blight throughout the project area; and to oppose any use of eminent domain power to condemn non-blighted, owner-occupied residential property for transfer to other private property owners for more profitable economic development. Require redevelopment agencies to describe other fiscal tools considered and reasons for not selecting those alternatives; require from redevelopment agencies analysis of proposed project improvements and the manner in which such improvements will generate growth in property tax revenues beyond that which might be anticipated in the absence of redevelopment. Condemnation of non-blighted, owner-occupied residential property for conveyance to other private property owners should be prohibited.

10. Support legislation that would reimburse counties for all expenses incurred by the County Auditor and/or Assessor in performing any of the services required to be performed by counties for redevelopment agencies.

11. Oppose legislation that would limit the ability of counties to negotiate tax increment pass-through agreements.

12. Oppose legislation that would place limitations on redevelopment applicable only to projects in the unincorporated area.

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Legislative Policy: Redevelopment

**Policy
Number**

M-54

Page

3 of 3

13. Oppose legislation that would impose added, non-project related requirements on redevelopment agencies regarding the specific use of tax increment.

14. Oppose legislation that would extend the duration of a project beyond the limitations set forth in AB 1290 (Isenberg, 1993).

Responsible Departments

1. Auditor and Controller
2. Housing and Community Development
3. Office of Strategy and Intergovernmental Affairs

Sunset Date

This policy will be reviewed for continuance by 1/1/2012.

References

Board Action:

7-5-89 (45)

11-8-05 (1)